

## UTILITY CONSUMER PARTICIPATION BOARD

December 6, 2010

### MINUTES

A meeting of the Utility Consumer Participation Board was held Monday, December 6, 2010 in the Ottawa Building, 4<sup>th</sup> Floor Training Room, Lansing, Michigan.

#### I. Call to Order

Alexander Isaac called the meeting to order at 10:15 a.m. Board members present: Alexander Isaac; Conan Smith; and Harry Trebing (via telephone). Members absent: Marc Shulman and Sister Monica Kostielney. Others present: Michelle Wilsey, Board Assistant; David Shaltz, Residential Ratepayer Consortium; Chris Bzdok; Don Keskey, Public Interest Research Group in Michigan and Michigan Community Action Agency Association; John Liskey, Citizens Against Rate Excess; James Ault, Michigan Electric & Gas Association; Heather Torres, DELEG; and Wes VanMalsen, DELEG; Lori Penn, Court Reporter.

#### II. Consent Agenda

Smith moved, second by Trebing and motion carried to approve the consent agenda as printed.

#### III. New Business

##### A. CARE Amendment Request

Liskey reported that the initial CARE UCRF 10-10 grant was awarded to participate in five possible federal proceedings that may impact Michigan residential ratepayers. Three of the proceedings were not filed or there were not issues that merited intervention. The request under consideration today is to transfer funds between approved cases in grant UCRF 10-10. The request proposed to reallocate the remaining funds from three federal dockets (Smart Grid-\$16,980, Open Access Transmission -\$1,980, and Resource Adequacy Plan -\$8,760) and apply them to two other federal proceedings (Capacity Market +\$15,000 and Cost Allocation +\$12,720). The **total** authorized budget \$140,000 for these cases is unchanged. Liskey explained the status of the cases.

Smith moved, second by Trebing and motion carried to approve the following CARE Amendment Request (as presented):

Approved Budget Capacity Mkt (MISO) Case	\$44,000 (\$	8,565 legal, 35,000 expert, 435 admin)
Amendment Request 12/6/2010	\$15,000	
Total Budget ( if approved)	\$ 59,000 (\$	23,416 legal, 35,000 expert, 584 admin)
Approved Budget Cost Allocation Cases	\$17,000 (\$	6,832 legal, 10,000 expert, 168 admin)
Amended Budget May 2010	\$68,280	
Amendment Request 12/6/2010	\$12,720	

Total Budget (if approved) \$81,000 (\$ 50,198 legal, 30,000 expert, 802 admin)

Trebing supports the effort, commended the expert Ken Rose and suggested a possible special meeting for a presentation by Ken Rose on the topic.

## **B. MEC Budget Amendment Request**

Bzdok explained that MEC is seeking an amendment to its fiscal year 2011 grants that does involve new funds. They are requesting a grant of \$30,300 from the 10-percent reserve that the board held back on the initial round of granting in August for use as needed in future cases during this fiscal year. MEC, he reported, is seeking to use these funds, \$15,000 of expert and \$15,000 of legal, to pursue power supply cost issues in the Detroit Edison rate case. Within the rate case proceeding MEC is proposing to examine issues that relate to the comparative cost of dispatching the old small coal plants when compared with the other options that are available to the company, and more specifically, the cost of dispatching those coal plants when you consider the cost of continuing to own and maintain them. Bzdok used examples from the rate filing to illustrate the issues.

The second issue MEC plans to pursue with this grant amendment are the relative costs of energy optimization spending that has been left on the table. He discussed the current status of energy optimization spending and questions they would like to examine further. They will be working with partners in this case to examine other issues but specified that the funds requested are for the UCRF issues described in this application.

Smith moved, second by Trebing and motion carried to approve the following MEC Grant Amendment request to UCRF 11-04 (as presented): DECo Rate Case (U-16472) \$30,300 (\$ 15,000 legal, 15,000 expert, 300 admin). This amendment would increase the **total** authorized budget for MEC FY11 grants from \$211,897 to \$244,197.

In discussion, prior to approval, Isaac asked if there is an opportunity for transfer of funds to cover this case? Bzdok explained that he did consider that option. However, MEC had reduced its initial grant requests from 2010 levels and the 2011 requests were further reduced by the board to create a reserve. MEC has the lowest per case average. So, there are no "extra" funds at this point to use for transfer.

Smith asked if there was an opportunity to utilize relationship between the work with the Zeeland plant and this case. Bzdok responded that they learned a great deal in that case that they can draw on for this case. MEC is also pursuing some of the dispatch issues in the company's cost reconciliation proceeding. Bzdok further commented that the new thing in the Edison case that we've not done in Consumers yet is also the straight-up comparison of these old coal plants, not only with other alternatives of actual supplying power, but also on the energy optimization. Smith noted that the MPSC did not consider the dispatch issue in the Zeeland case and asked Bzdok to elaborate. Bzdok responded that the decision provided a one-line rejection of our argument, without context or motivation. So, in the reconciliation case they are focusing on dispatch in order to drill down to find out if there is an argument that the Commission may be more amenable to. Smith asked Bzdok to characterize the relative investment of grant funds made on that issue. Specifically, he wanted to know if the grantee felt that there was sufficient documentation for the Commission to have a substantive rationale for dismissal of that issue or ignoring that issue to the point that it would not be a wise investment to go forward, or if you didn't have enough resources to make a justifiable case and, hence, this investment might get a better hearing.

Bzdok estimated that they spent approximately \$8,000-9,000 on the dispatch issue. He commented that if the Commission provides a one-line dismissal then a different approach is needed to develop and clarify the issue. He explained how they planned to approach the issue in more detail.

Trebing asked if the point had ever been raised that possibly the high cost, old coal plants should be divested, sold to a competitive entrant who could take these coal plants and use them as a potential independent, competitive supplier during high-cost peak periods? Bzdok said it had not. They discussed the idea in more detail.

### **C. MCAAA budget amendment request –**

Isaac asked if the grantee would consider deferring the proposed budget amendment requests for MichCon and CEC Co GCR Reconciliation cases until later meetings. The grantee agreed to do so and thus the budget request under consideration was amended by the withdraw of the proposed budget MichCon GCR Recon in the amount of \$4,949 and withdraw of the proposed budget CEC Co GCR Recon in the amount of \$4,949.

Smith moved, second by Trebing and motion carried to approve the following MCAAA grant amendment request in the total amount of \$44,036: Increase budget DECo Rate Case (U-16472) in the total amount of \$24,745 and add case and increase budget for CEC Co Rate Case (Case # TBA) in the total amount of \$6,767.

The **total** authorized budget for MCAAA FY11 grants, if approved, would increase from \$199,677 to \$243,713.

In discussion, prior to approval, Keskey explained that since the initial grant period the Detroit Edison Rate case has been filed and the previous Consumers Energy Rate Case has been decided and a new case is expected to be filed. Keskey explained the issues that would be covered are distinct from those proposed by MEC. MCAAA will continue to focus on spent nuclear fuel and DOE liability issues among others. Advocacy will focus on three areas:

1. Protection and advancement and furtherance of more remedies relative to the spent nuclear fuel fees which are collected in Act 304, and in light of the fact that the DOE has filed motions at the Nuclear Regulatory Commission to withdraw its license application for Yucca Mountain and to end the program, the disposal program as we know it. The only thing that would survive if DOE's motion were granted is the collection of the fees for a program that no longer exists.
2. Affiliated transactions which can drive up the cost of Act 304 costs in both gas and electric, and exploring the remedies in discovery on that issue to see where that is happening.
3. Rate case discovery on issues that may impact Act 304 costs.

Trebing asked if Michigan was the only state involved in the DOE liability/spent nuclear fuel issue. Keskey responded that other states are looking at it but Michigan is the only state to actually have a trust established under the MPSC or local regulatory commission to protect past collections of spent nuclear fuel fees. Trebing commented that he certainly would endorse following through. This issue was pioneered with UCRF support, and he felt the board should continue funding. Smith inquired about resource availability. Wilsey noted that the available funding was summarized in the review memo to the board. Sufficient funding was available to support the request. Isaac asked about the option of transferring funds from other cases approved in the MCAAA grant. Keskey explained his expectations relative to the other case funding.

#### **D. 2011 UCPB Meeting schedule**

Smith moved, second by Trebing and motion carried to approve the following 2011 UCPB meeting schedule:

<u>Meeting Date</u>	<u>Materials/Agenda Requests</u>
Feb 7, 2011 (Mon), 1 pm	Jan 17, 2011 (Mon)
Apr 11, 2011 (Mon), 1 pm	Mar 21, 2011 (Mon)
Jun 6, 2011 (Mon), 1 pm	May 16, 2011 (Mon)
Aug 1, 2011 (Mon), 10 am	Jul 11, 2011 (Mon)
Aug 22, 2011 (Mon), 10 am	Jul 18, 2011 (Mon)
Oct 3, 2011 (Mon), 10 am	Sept 12, 2011 (Mon)
Dec 5, 2010 (Mon), 10 am	Nov 14, 2011 (Mon)

In discussion, prior to approval, Isaac noted that the schedule meets statutory guidelines. He also noted that the difference in meeting times were due to the availability of the meeting room.

#### **VI. Old Business –None.**

#### **VII. Public Comment**

Wilsey shared the news that a highly respected colleague, Ron Choura, passed away. Sympathies were expressed. Isaac also noted that member Shulman was absent due to the passing of a family member.

#### **VIII. Next meeting**

- A. The next regular meeting of the UCPB is scheduled Monday, February 7, 2011, 1:00 p.m.

#### **IX. Adjournment – Meeting adjourned at 11:10 a.m.**